

Message Text

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AMEMBASSY MEXICO CITY PRIORITY

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AMCONSUL SAO PAULO

AMEMBASSY PANAMA

UNCLAS BRASILIA 4165

STATE PASS TO TRSY/JPSMITH

POSTS PASS SECRETARY SIMON'S PARTY

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PANAMA PASS ORTIZ

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TAGS: OVIP (SECRETARY WILLIAM SIMON)

SUBJECT: MEDIA REACTION REPORT -- MAY TWELVE

BRASILIA PAPERS GIVE PROMINENT COVERAGE TO SIMON'S LAST OFFICIAL
ACTIVITIES IN BRASILIA.

1. JORNAL DE BRASILIA FRONT-PAGES REPORT HEADLINED "SIMON
DEPARTS HAPPY -- BRAZIL GAINS NOTHING" SAYING "TREASURY
SECRETARY SIMON'S MISSION ENDED YESTERDAY WITH SIGNING OF A
JOINT COMMUNIQUE, ... IN WHICH BRAZIL COMMITS ITSELF TO
DISMANTLE ITS INCENTIVES ON SHOE, BAGS, AND SOYBEAN EXPORTS
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--FACT WHICH MAY RESULT IN REDUCING COMPETITIVE POSITION OF

THESE PRODUCTS IN INTERNATIONAL MARKET. IN EXCHANGE, SIMON PLEDGES AS GOSPEL TRUTH THAT AMERICAN BUSINESSMEN WILL BE SATISFIED WITH AGREEMENTS REACHED. ..." INSIDE PAGE CARRIES TEXT OF JOINT COMMUNIQUE AND BRIEF REPORT ON SIMON'S PRESS CONFERENCE, THIS HEADLINED "SIMON DEFENDS 'FREE TRADE' AND ATTACKS OPEC."

(A) UNSIGNED ECONOMIC COLUMN SAYS: "SECRETARY SIMON'S NEGOTIATING ABILITY IS SIMPLY FANTASTIC, OUTSTANDING; HE OBTAINED FROM BRAZIL EVERYTHING HIS GOVERNMENT WANTED, GIVING IN EXCHANGE NOTHING BUT A LOT OF WORDS. ... LEXGJS GET TO THE FACTS: BRAWXIL WILL 'ADAPT' ITS EXPORT INCENTIVES ON LEATHER BAGS AND IN EXCHANGE US WILL CANCEL COUNTERVAILING DUTIES ON IMPORTS OF THIS PRODUCTS. THIS IS A RETURN TO THE STARTING POINT, BECAUSE THESE DUTIES WERE IMPOSED UNDER ALLEGATION THAT WE WERE SUBSIDIZING THE PRODUCT. REGARDING SHOES, ... AS IF HE WERE MAKING A GIFT, SIMON PROMISES NOT TO LET COUNTERVAILING DUTIES BE REVALIDATED UNTIL END OF NEXT YEAR. THIS IS SIMPLY TO REPEAT WHAT PRESIDENT FORD SAID BEFORE SIMON'S VISIT TO BRAZIL. ... TO CANCEL, REDUCE, OR 'ADAPT' OUR SUBSIDIES ON EXPORTS IS UNREASONABLE AND INCONSISTENT. IN THIS DIFFICULT HOUR OF STRUGGLE AGAINST UNDERVELOPMENT, THE RICH NATIONS ARE THE ONES WHICH SHOULD MAKE CONCESSIONS TO THE POOR. ... MIDDLE POSITION WOULD BE CONCESSIONS BY BOTH NEGOTIATING PARTIES, AND SIMON CAME, SAW, AND CONQUERED. CONCESSIONS MADE BY US REPRESENTED NOTHING BUT MERE WORDS -- AND THIS, IN BUSINESS WOULD MEANS VERY LITTLE OR ABSOLUTELY NOTHING. ... BRAZIL NEEDS TO EXPORT AND ITS COMPETITIVE POWER IN THE INTERNATIONAL MARKET DEPENDS UPON GOB SUBSIDIES ON EXPORTS. ... TO WITHDRAW THESE SUBSIDIES MAY REPRESENT A GALLOPING DEFICIT IN OUR TRADE BALANCE. AND THIS IS NOT DESIRED BY ANY BRAZILIAN, ESPECIALLY BY PRESIDENT GEISEL. CONCLUSION IS THAT THERE MUST BE SOMETHING MISTAKEN IN ALL THE KOWTOWING TO THE BRILLIANCE OF THE GREAT GENIUS SIMON. HIS COMMERCIAL ACCOMPLISHMENTS IN BRAZIL ALREADY HAVE CLEARLY BEGAN TO HAVE EFFECTS ON FORD'S CAMPAIGN, AS CAN BE SEEN BY STATEMENT MADE YESTERDAY BY AGRICULTURE UNDERSECRETARY RICHARD BELL." STRAIGH REPORT OF BELL'S STATEMENT ON SOYBEAN ALSO CARRIED BY PAPER.

2. CORREIO BRAZILIENSE FRONT-PAGE CARRIES BANNER SAYING:
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"NEGOTIATIONS WITH SIMON HAVE HAPPY ENDING. NOW IT CAN BE SAID THAT WE HAVE AMERICAN ENDORSEMENT:" ARTICLE SAYS "YESTERDAY BRAZIL RECEIVED FULL AMERICAN ENDORSEMENT OF NEW INVESTMENTS HERE. OBSERVERS OF INTERNATIONAL ECONOMIC AFFAIRS ARE UNANIMOUS IN SAYING THAT IN SOME WAY BRAZIL HAS BEEN FAVORED BY US AND THAT JOINT COMMUNIQUE SIGNED BY TREASURY SECRETARY AND GOV ECONOMIC AUTHORITIES IS PROOF OF NEW, AUSPICIOUS STAGE FOR TRADE RELATIONS BETWEEN TWO COUNTRIES. ... MINISTER MARIO

SIMONSEN CAN BE CONSIDERED THE GREAT VICTOR IN THE NEGOTIATIONS, AS THEY WERE HELD EXCLUSIVELY BY THE ECONOMIC AREA, MERELY FOLLOWED BY DIPLOMATIC AUTHORITIES. ..." INSIDE PAGE WITH BANNER "SIMON'S VISIT: BRAZIL IS WINNER," REPORTS SIMON'S PRESS CONFERENCE AND CARRIES FULL NEXT OF JOINT COMMUNIQUE.

(A) COLUMNIST ARNOLFO CARVALHO WRITES: "DESPITE BEING CONSIDERED THE GREAT WINNER IN THE 'SURTAX BATTLE,' MINISTER SIMONSEN DID NOT SUCCEED IN DISPELLING FEELINGS THAT SOMETHING MORE WAS NEGOTIATED IN EXCHANGE FOR ALL CONCESSIONS MADE BY SECRETARY SIMON. ... EXCEPT FOR WITHDRAWAL OF GOB SUBSIDIES ON EXPORTS, ... BRAZIL MADE NO OTHER CONCESSION TO AMERICAN INTERESTS; ON CONTRARY, IT OBTAINED US APPROVAL OF ALL DEMANDS PREVIOUSLY MADE. ... SIMON AND SIMONSEN SUCCEEDED IN WRITING TEXT OF A COMMUNIQUE SATISFACTORY TO BOTH PARTIES DIRECTLY INVOLVED. VIEWED BY OBSERVES, HOWEVER, THE TEXT IS CLEARLY -- AND INEXPLICABLY -- FAVORABLE TO BRAZILIAN POSITIONS. ... ASIDE FROM AMERICAN INTEREST IN HAVING A STABLE AND ECONOMICALLY WELL-BALANCED BRAZIL -- FOR SECURITY OF ITS MORE THAN 3.5 BILLION DOLLARS INVESTED HERE -- ONLY ONE QUESTION REMAINS: IS THIS SOME SPECIAL AND UNIQUE INSTANCE, OR IF NOT, WHAT DID THE AMERICANS OBTAIN IN EXCHANGE FOR THEIR CONCESSIONS AND COOPERATION?:
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